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# **QUALITY ASSURANCE PROGRAM ANALYSIS REPORT: 1998-99 PROGRAM YEAR**

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## TABLE OF CONTENTS

PART I: OVERVIEW OF THE QUALITY ASSURANCE PROGRAM .....	1
PART II: QA READINGS DEFINED .....	3
PART III: ANALYSIS OF ALL INSTITUTIONS 1998-99 .....	10
PART IV: ANALYSIS OF PUBLIC FOUR-YEAR INSTITUTIONS 1998-99.....	18
PART V: ANALYSIS OF PRIVATE FOUR-YEAR INSTITUTIONS 1998-99.....	27
PART VI: ANALYSIS OF TWO-YEAR AND PROPRIETARY INSTITUTIONS 1998-99 .....	36
PART VII: IMPLICATIONS FOR EFFECTIVE PRACTICE .....	45

## **PART I: OVERVIEW OF THE QUALITY ASSURANCE PROGRAM**

The mission of the Quality Assurance Program is to assure that the delivery of student aid funds is conducted accurately, expediently, and with integrity. Institutions are empowered to examine current processes and develop new approaches that seek the highest quality standards, while demonstrating a commitment to the needs of their clients. The QA Program empowers institutions to regularly examine and review their student financial aid delivery systems. A key component of this ongoing self-monitoring process by the colleges and universities participating in the QA Program is the annual measurement task. This task consists of:

- drawing a random sample of Title IV aid recipients within each institution;
- verifying all the information and aid processing used in the initial awarding of aid;
- recalculating all aid awards with the new "documented" information; and
- comparing the documented to the initial awards.

The magnitude of these QA "Readings" provides a measure of performance for QA Program institutions. Based on the difference found between "most recent" and "documented" aid awards, participating institutions develop quality improvements that address the system vulnerabilities detected.

This program-wide report is based upon a detailed analysis of the measurement data submitted to the Department by each participating institution. This analysis of annual measurement data, at the aggregate level, provides a basis for the Department and other regulatory authorities to evaluate the collective effectiveness of the QA Program. This report also provides participating institutions a larger national context from which to evaluate their own performance.

### **BASIC DESCRIPTION OF THE QA PROGRAM**

Through participation in QA, colleges and universities are allowed and encouraged to develop their own innovations in effective stewardship of Title IV funds. The program provides tools, the QA Toolkit and QA software, that allow institutions to measure and analyze their Title IV aid delivery systems. Institutions continually improve their operations by identifying and correcting mistakes in the financial aid awards they make to their students, before they become regulatory liabilities. Participating institutions can now access and customize their profiles (see <http://qaprogram.air.org/>).

### **INSTRUCTION TO READERS**

Data analysis within a total quality management context tends to focus on the negative. That is, the analysis highlights problems. This is done in order to best direct quality improvement efforts. This report is no exception. It is important to keep in mind, when reading such a report, the record of successful practice that is by far the clearest message from the data. While areas for improvement can be identified, only two percent of Title IV financial aid delivered by

institutions participating in the QA institutions was delivered in excess of awards recalculated with verified information.

Financial aid officers at participating institutions can and should take pride in the overall effectiveness demonstrated by the QA Program as a whole. Institutional officials must, however, focus on the results of their own institution. This program-wide report should be used to place the QA Readings of your school into a larger context, but it does not and cannot substitute for a careful reading of your own institutional profile and analysis of your own data. Participating institutions can now [access and customize their profiles online at \(http://qaprogram.air.org/\)](http://qaprogram.air.org/).

## **PART II: QA READINGS DEFINED**

QA Readings compare aid awarded to students to aid awards recalculated with the benefit of verifying information. QA Readings are calculated separately for each Title IV program, and are calculated independently for Pell Grants, Campus-Based, Family Education Loans, and Direct Loans awards.

There are three types of QA Readings: summary, institutional, and student. Summary readings compare the "most recent" aid awarded or certified to a recalculated aid award based on *all* the newly collected documented information. The institutional and student QA Readings compare the most recent aid award to a newly calculated aid award based on incorporating only the verified information for a specific component of the aid delivery process. Therefore, each institutional and student QA Reading is designed to measure one specific area of operation. For example the student "number in household" QA Reading reflects any changes in aid awards caused by replacing the value for the number of people living in the student's household that the student reported on his or her financial aid application with the documented value.

All QA Readings reflect the dollar amount awarded or certified over (or under) what should have been awarded or certified. The "should have" baseline is calculated within the QA software by replacing the value of the indicated data element with its documented value, holding all other (unverified) items constant. After making this change the aid award is re-calculated. The resulting difference between the new (or documented) award and the old (or most recent) award is considered an over- or under-award. QA Readings express such differences as a percentage that relates this dollar difference to the value of the most recent award.

It is important to recognize that not every "QA Reading" reflects an error in the delivery of federal financial aid. The comparison of two "snap-shots" of a student's situation can reveal actual changes in circumstances. For example, a student could decide during the fall semester not to return for the spring semester. His or her aid award calculated in the fall, assuming full year enrollment will likely need to be adjusted. It is also important to point out that any over or under awards of Title IV aid discovered during the annual measurement process are corrected.

### **STUDENT-REPORTED READINGS**

There are seven student QA items for which QA Readings are computed on a marginal basis. That is, the "most recent" value for an item is replaced by the "documented" value while keeping all the other QA items (both student and institutional) unchanged. QA Readings based on student-reported items can be comparable across programs, because the underlying method of computing these QA Readings is the same.

The seven student-reported QA Readings are:

1. Adjusted gross income;
2. Title IV income exclusions;
3. US taxes paid;

4. Tax Return Type;
5. Untaxed income;
6. Household size; and
7. Number in college.

Differences between the information used to determine a student's most recent award and data collected during the verification process for the QA Program do not always result in a QA Reading. The QA software applies tolerance levels for student-reported QA items. These tolerance levels are:

- \$400 for all income-related data elements; and
- Zero tolerance for changes in Number in Household and Number in College.

QA Reading are only registered for a student-reported QA item that is considered "out-of-tolerance." QA Readings for student-reported QA items are calculated on a marginal basis.

#### **Student-Reported QA Readings—Marginal Items**

<b>QA Reading</b>	<b>Calculation Method</b>
Pell Marginals:  AGI Title for Income Exclusions U.S. Taxes Tax Return Type Untaxed Income Household Size Number in College	Replace most recent student application item with documented item and recalculate Pell with marginal EFC, most recent enrollment, and most recent COA.  QA Reading = absolute value (Recalculated Most Recent Pell Marginal Pell) if > \$2  Repeat for each documented student application item.
Stafford/Direct Loan Marginals:  AGI Title for Income Exclusions U.S. Taxes Tax Return Type Untaxed Income Household Size Number in College	Replace most recent student application item with documented item and recalculate Stafford/Direct Loan with marginal EFC, most recent resources, and most recent COA.  QA Reading = (Recalculated Original Stafford/Direct Loan - Marginal Stafford/Direct Loan) if > \$2  Repeat for each documented student application item and for each certification/origination.

## INSTITUTIONAL READINGS

There are four institutional QA Readings:

1. Cost of attendance;
2. Disbursements;
3. (other aid) Resources; and
4. Calculation.

The value of other aid resources does not factor into calculating Pell eligibility, hence, there is not a “Resource Reading” for Pell Grants.

Institutional QA Readings that reflect the accuracy of data elements (cost of attendance and resources) are computed on the same basis as those for student-reported items. For these two Readings the element indicated by the name is replaced with its "documented" value while leaving all the other QA items at the value used for the most recent aid award. The QA Reading reflects the difference between the newly thus calculated award and the amount originally disbursed. Institutional Readings can be compared across programs due to the similarity in their calculation.

Two of the institutional QA Readings (calculation and disbursement) measure the use of information during the delivery of Federal financial aid, rather than the accuracy of the data elements *per se*. Calculation Readings reflect inaccuracy in the original calculation of the award or certification using the original data. It is computed simply by recalculating the original award or certification with all the "most recent" data elements. This QA Reading, therefore, reflects the difference between the recalculated award or certification and the "most recent" award or certification. Disbursement Readings reflect discrepancies between the “most recent” award and the “most recent” disbursement. Consequently, the Disbursement Reading reflects inaccuracy in delivery system apart from collecting accurate information and properly calculating aid awards.

## Institutional QA Readings—Cost of Attendance

QA Reading	Calculation Method
Pell COA	<p>If most recent COA does not match documented COA: recalculate Pell with most recent EFC used, most recent enrollment, and documented COA.</p> <p>QA Reading = absolute value (Disbursed Pell - Recalculated Pell) if &gt; \$2.</p>
Campus-Based COA	<p>If most recent COA does not match documented COA: recalculate CB with most recent EFC used, most recent resources, and documented COA.</p> <p>QA Reading = (Disbursed CB - Recalculated CB) if &gt; \$2.</p>
Stafford/Direct Loan COA	<p>For each certification, if most recent COA does not match documented COA: recalculate Stafford/Direct Loan with most recent EFC used, most recent resources, and documented COA.</p> <p>QA Reading = (Disbursed Stafford/Direct Loan – Recalculated Stafford/Direct Loan) if &gt; \$2.</p>

## Institutional QA Readings—Resources

QA Reading	Calculation Method
Campus-Based Resources	<p>If most recent resources differ from documented resources: Calculate new CB using most recent EFC used, most recent COA, and documented resources. If recalculated CB differs from most recent CB:</p> <p>QA Reading = (CB disbursed - CB recalculated) if &gt; \$2</p>
Stafford/Direct Loan Resources	<p>For each certification/origination, if most recent resources differ from documented resources:</p> <p>Calculate new Stafford/Direct Loan using most recent EFC used, most recent COA, and documented resources. If recalculated Stafford/Direct Loan differs from most recent Stafford/Direct Loan:</p> <p>QA Reading = (Stafford/Direct Loan disbursed - Stafford/Direct Loan recalculated) if &gt; \$2</p>



## Institutional QA Readings—Disbursement

QA Reading	Calculation Method
Pell Disbursement	<p>If absolute value of (Pell Disbursed - Most Recent Pell Awarded) &gt; \$2:</p> <p>QA Reading = absolute value (Pell Disbursed - Most Recent Pell Awarded)</p>
Campus-Based Disbursement	<p>If (CB Disbursed - Most Recent CB Awarded) &gt; \$2:</p> <p>QA Reading = (CB Disbursed - Most Recent CB Awarded)</p> <p>* This QA Reading does not include College Work Study.</p>
Stafford/Direct Loan Disbursement	<p>For each certification/origination, if (Stafford/Direct Loan Disbursed – Most Recent Stafford/Direct Loan) &gt; \$2:</p> <p>QA Reading = (Stafford/Direct Loan Disbursed - Most Recent Stafford/Direct Loan)</p>

## Institutional QA Readings—Calculation

QA Reading	Calculation Method
Pell Calculation	<p>Recalculate Pell with: most recent EFC used, most recent enrollment, and most recent COA.</p> <p>QA Reading = absolute value (Awarded Pell - Recalculated Most Recent Pell) if &gt; \$2.</p>
Campus-Based Calculation	<p>Recalculate a CB with most recent FC used, most recent resources, and most recent COA.</p> <p>QA Reading = (Awarded CB - Recalculated Most Recent CB) if &gt; \$2.</p>
Stafford/Direct Loan Calculation	<p>For each certification/origination, recalculate a Stafford/Direct Loan with most recent FC used, most recent resources, and most recent COA.</p> <p>QA Reading = (Awarded Stafford/Direct Loan - Recalculated Most Recent Stafford/Direct Loan) if &gt; \$2.</p>

## SUMMARY READINGS

In addition to the student and institutional readings, there are summary level QA Readings. These QA Readings reflect the total difference between aid awards recalculated with the benefit of all the verified information collected from the sampled students and the aid awards these students most recently received. Given the fact that students often choose not to receive the full amount of loan and work study awards that comprise the Loan and Campus-Based aid programs, underpayments are examined only for Pell Grants.

### Summary Level QA Readings

#### **PELL GRANT OVERPAYMENTS**

*The greater of:*

any Pell Award disbursed in the absence of documentation of satisfactory academic progress

*or*

The amount by which the “most recent” Pell Grant disbursement exceeds the recalculated, using all documented values, Pell Grant award.

#### **PELL GRANT UNDERPAYMENTS**

The amount by which the recalculated, using all documented values, Pell Grant award exceeds the “most recent” Pell Grant disbursement.

#### **CAMPUS-BASED OVERPAYMENTS**

*The greater of:*

any Campus-Based disbursement in the absence of documentation of satisfactory academic progress

*or*

The amount by which the “most recent” Campus-Based disbursement exceeds the recalculated, using all documented values, Campus-Based award.

#### **FAMILY EDUCATION LOAN OVERPAYMENTS**

*The greater of:*

any Stafford Loan disbursement in the absence of documentation of satisfactory academic progress

*or*

The amount by which the “most recent” Stafford Loan disbursement exceeds the recalculated, using all documented values, Stafford Loan certification.

#### **FAMILY EDUCATION LOAN OVERCERTIFICATIONS**

The amount by which the “most recent” certified Stafford Loan exceeds the new (i.e., recalculated) Stafford Loan certification.

#### **DIRECT LOAN OVERPAYMENTS**

*The greater of:*

any Direct Loan disbursement in the absence of documentation of satisfactory academic progress

*or*

The amount by which the “most recent” Direct Loan disbursement exceeds the recalculated, using all documented values, Stafford Loan certification.

#### **DIRECT LOAN OVERAWARDS**

The amount by which the “most recent” originated Direct Loan exceeds the new (i.e., recalculated) Direct Loan.

Note the difference between the definitions for overpayments and overcertifications / overawards. Overpayments reflect aid amounts disbursed, the actual dollar amount given or credited to a student. Overcertification / overawards reflect aid certified/awarded. This reflects the fact that loan aid is disbursed by a third party, either a lending institution in the case of Family Education Loan or the Federal government in the case of Direct Loans. It is also important to recognize that the sum of the marginal QA Readings across all QA items does not equal the summary QA Reading. The Summary QA Reading obtained by replacing all reported values at once with their respective "documented" values would not produce the same result as replacing these values one at a time and then summing the numerous QA Readings obtained.

### Summary QA Readings—Overpayments/Certifications

QA Reading	Calculation Method
Pell Overpayment	Recalculate Pell with documented EFC, documented enrollment, and documented COA.  If Disbursed Pell is greater than Recalculated Pell: QA Reading = Amount disbursed Pell exceeds Recalculated Pell (if >\$2).
Campus-Based Overpayment	Recalculate CB with documented EFC used, documented resources, and documented COA.  If Disbursed CB is greater than Recalculated CB: QA Reading = Amount disbursed CB exceeds Recalculated CB (if >\$2).
Stafford/Direct Loan Overpayment	Recalculate Stafford/Direct Loan with documented EFC used, documented resources, and documented COA.  If Disbursed Stafford/Direct Loan is greater than Recalculated Stafford/Direct Loan: QA Reading = Amount Disbursed Stafford/Direct Loan exceeds Recalculated Stafford/Direct Loan (if > \$2).
Stafford Overcertification	QA Reading = (Certified Stafford – Recalculated Stafford) if > \$2.
Direct Loan Overaward	QA Reading = (Direct Loan Award – Recalculated Direct Loan) if >\$2.

### Summary QA Reading—Pell Underpayment

QA Reading	Calculation Method
Pell Underpayment	Recalculate Pell using documented EFC, documented enrollment, and documented COA. If Recalculated Pell > Disbursed Pell then:  QA Reading = (Recalculated Best Pell - Disbursed Pell.)

### **PART III: ANALYSIS OF ALL INSTITUTIONS 1998-99**

An examination of this year's QA Readings allows for an overall assessment of the quality of financial aid delivery at QA institutions. By comparing the QA Readings of institutions that have participated in the QA Program for a number of years to the QA Readings of more recent entrants, the effectiveness of QA participation will be assessed. Continued improvement in the effectiveness of the QA Program will be addressed by comparing summary readings for the 1998-99 program year to those of 1997-98, 1995-96, and 1993-94. Based on these empirical analyses, we conclude that program wide:

- QA institutions are extremely accurate in their delivery of Title IV financial aid;
- The accuracy of aid delivery generally improves with the length of QA participation; and
- Summary measures of quality continue to improve in 1998-99 compared to previous years.

The results supporting these conclusions are presented briefly in the following section, "Highlights of Major Findings," and in greater detail under the section entitled "Tables All Institutions." The section entitled "Implications of Major Findings" describes the programmatic implications of the results.

#### **HIGHLIGHTS OF MAJOR FINDINGS**

- Nearly four billion dollars of Title IV student aid was delivered by the 110 institutions of higher education participating in the QA Program that provided data for this report in 1998-99.
- Only 2.1 percent of all federal aid dollars awarded at these QA institutions were delivered in excess of recalculated aid awards using verified information.
- The largest institutional Readings are in the areas of disbursement and calculation.
- The largest student Readings arise from reports of untaxed and adjusted gross income.
- QA institutions that joined the QA Program prior to the 1995-96 academic year have lower readings on five of seven summary measures of aid delivery. More junior participants in the program outperform their senior counterparts on only one of the seven summary measures. The difference observed on the final summary measure is not greater than the sample's margin of error.
- The greater accuracy in the award of Title IV financial aid at more veteran QA institutions is demonstrated in nearly all types of institutional Readings. This indicates that veteran institutions are outperforming more recent entrants across the board, as opposed to a few specific areas of aid delivery. More veteran participants also have lower Readings on the student "number in college" item.
- Four of the seven summary QA Readings, which measure award accuracy, improved in 1998-99 compared to 1997-98. Only one summary QA Reading increased, and the differences observed for the two others were not greater than could have occurred by chance.

## TABLES ALL INSTITUTIONS

The dollar amounts in the following tables need to be considered in light of the 3.9 billion dollars of Title IV need-based aid delivered by institutions participating in the QA Program. The distribution of aid dollars also needs to be kept in mind. The percent of aid dollars delivered by each program were as follows: Direct loan 42 percent; FFEL 27 percent; Pell Grants 17 percent; and campus based programs 14 percent. The primary findings for each table are listed below each title.

### Summary Readings 1998-99

- All summary Readings reflect a high level of accuracy in the delivery of financial aid.
- Across all four financial aid programs, only 2.1 percent of Title IV funds were awarded in excess of aid awards recalculated with verified information.
- The largest summary Reading on a percentage basis was Pell overpayment (4.02 percent).
- Because over 40 percent of aid dollars delivered by QA institutions were in the form of Direct loans, the largest summary reading in terms of absolute dollars was Direct loan overpayment (\$31.1 million).

Summary Readings 1998-99 All Institutions N=110		
Type of Summary Reading	% Reading	\$ in Millions
Pell overpayment	4.02	27.1
Pell underpayment	2.46	16.6
CB overpayment	1.95	10.4
FFEL overpayment	1.24	12.9
FFEL overcertification	1.33	13.8
Direct overpayment	1.90	31.1
Direct overaward	1.32	21.6

Source: QA Program 1998-99 Annual Measurement Data.

## Institutional Readings 1998-99

- The institutional Readings reflect the high level of quality in terms of the use of information by participating institutions in determining aid eligibility for and delivering Title IV aid.
- The institutional Readings reveal disbursements in the Pell and to a lesser degree the FFEL program to be the primary areas of concern. The disbursement Readings for the Pell Grant (7.08 percent, \$47.7 million) and FFEL (2.04 percent, \$21.1 million) programs were the two highest institutional Readings in terms of dollar amount.
- Calculation Readings are also relatively high. They are above one percent for all aid programs and are the highest for Pell Grants (2.83 percent, \$19.1 million). Note that the Pell Grant calculation Reading is artificially high as the QA software does not allow for inclusion of all the Pell Grant formulas.
- All the QA Readings associated with cost of attendance and resources are extremely low, consistently below one percent.

Institutional Readings 1998-99 All Institutions N=110				
Percentage Readings				
Title IV Program	Cost of Attendance	Disbursement	Resources	Calculation
Pell	.47	7.08	n.a.	2.83
Campus-based	.55	.89	.84	1.30
FFEL	.16	2.04	.39	1.23
Direct	.31	.22	.63	1.04
Dollar Amount Readings in Millions				
Title IV Program	Cost of Attendance	Disbursement	Resources	Calculation
Pell	3.2	47.7	n.a.	19.1
Campus-based	2.9	4.8	4.5	6.9
FFEL	0.0	21.1	4.0	12.8
Direct	5.1	3.6	10.0	17.0

Source: QA Program 1998-99 Annual Measurement Data.

## Student Readings 1998-99

- The student Readings reflect the overall high level of accuracy in recipient self-reports of financial and other family circumstance information. They also reflect the effectively tailored verification practices in place at QA Program institutions that may have corrected initial applicant mistakes in completing their FAFSA's.
- Only two student readings were above two percent, adjusted gross income (AGI) and untaxed income both for the Pell Grant program.
- Readings based on changes in student information concerning Title IV income exclusions and which Federal tax form was used by the aid applicant were virtually nonexistent. These Readings were generally less than one half of one percent.

<b>Student Readings 1998-99</b> <b>All Institutions N=110</b>							
<b>Percentage Readings</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	3.47	1.09	2.57	1.37	1.07	.64	.56
<b>FFEL</b>	.46	.15	.75	.27	.77	.06	.03
<b>Direct</b>	.78	.29	1.04	.30	.86	.10	.04
<b>Dollar Amount Readings in Millions</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	23.4	7.4	17.3	9.2	7.2	4.3	3.8
<b>FFEL</b>	4.8	1.6	7.8	2.8	11.1	0.6	0.3
<b>Direct</b>	12.8	4.7	17.0	4.9	14.1	1.6	0.7

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Summary Readings

- Comparisons of summary Readings based on length of tenure in the program suggest that participation in QA improves the overall accuracy of aid awards.
- QA institutions who joined the program prior to the 1995-96 academic year had lower Pell overpayment, FFEL overpayment, FFEL overcertification, Direct overpayment, and Direct overaward than colleges and universities who have joined the program more recently.
- More veteran QA institutions had higher Pell underpayment Readings.

Comparison of Veteran and New Institution Summary Readings 1998-99		
Type of Summary Reading	Veteran N=73	New N=37
Pell overpayment	<b><u>3.73</u></b>	5.09
Pell underpayment	<b>2.64</b>	1.82
CB overpayment	1.79	2.52
FFEL overpayment	<b><u>1.18</u></b>	2.91
FFEL overcertification	<b><u>2.36</u></b>	3.26
Direct overpayment	<b><u>1.37</u></b>	3.59
Direct overaward	<b><u>2.22</u></b>	5.36

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.



## Comparison of Veteran and New Institution Institutional Readings

- Comparisons of institutional Readings based on length of tenure in the program suggest that participation in QA improves the ability of institutions to provide and use the student level information involved in the delivery of Title IV financial aid.
- For each of the four institutional Reading types: Cost of Attendance; Disbursement; Resources; and Calculation, more experienced QA institutions had significantly lower readings for at least two of the four aid programs.
- Only one Reading, cost of attendance for FFEL, was higher for veteran institutions. While this Reading was higher for veteran participants, the reading of .20 percent is substantively very small.

Comparison of Veteran and New Institution Institutional Readings 1998-99								
Title IV Program	Cost of Attendance		Disbursement		Resources		Calculation	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	0.43	0.62	<b><u>6.68</u></b>	8.53	n.a.	n.a.	2.81	2.91
<b>Campus-based</b>	<b><u>0.34</u></b>	1.34	0.80	1.22	<b><u>0.60</u></b>	1.7	<b><u>1.02</u></b>	2.33
<b>FFEL</b>	<b><u>0.20</u></b>	0.01	<b><u>0.64</u></b>	7.15	0.33	0.60	1.25	1.15
<b>Direct</b>	<b><u>0.20</u></b>	0.70	<b><u>0.17</u></b>	0.43	<b><u>0.44</u></b>	1.34	<b><u>0.84</u></b>	1.76

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Student Readings

- Comparisons of student Readings based on length of tenure in the program suggest that participation in QA improves the accuracy of student reports of the number of other family members who are simultaneously attending college. This is a critical element in determination of aid eligibility calculations as it divides the EFC of the student in question by the number of family members in school. Many QA institutions have targeted this area in the past for quality improvements. Improved education efforts and addressing multiple family members in college in the institutions' verification procedures seems to have had positive results.
- There were very few other differences between the student Readings based on length of participation, and what differences did exist failed to display a consistent pattern.

Comparison of Veteran and New Institution Student Readings 1998-99														
Title IV Program	AGI		US Taxes		Untaxed Income		Household Size		Number in College		Title IV Income Exclusion		US Tax Form	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	3.40	3.73	1.07	1.14	2.43	3.06	1.34	1.51	<b><u>.97</u></b>	1.45	.56	.90	.57	3.73
<b>FFEL</b>	.42	.60	<b>.16</b>	.10	<b>.86</b>	.34	.16	.67	<b><u>.44</u></b>	1.98	.04	.10	.03	.01
<b>Direct</b>	.71	1.02	<b><u>.24</u></b>	.44	<b><u>.83</u></b>	1.80	<b>.23</b>	.55	<b><u>.61</u></b>	1.75	<b><u>.08</u></b>	.21	.02	.11

**Bold** indicates significantly lower reading for veteran institutions

**Bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Summary Readings Across Program Years

- Comparisons of summary Readings from the 1998-99 program year to previous years reveal a continuation of a broad based improvement in the overall accuracy of aid awards at institutions participating in the QA Program.
- Pell Underpayments, FFEL overpayments, FFEL overcertifications, and Direct overawards were all significantly lower in 1998-99 than they were in 1997-98.
- Only Pell overpayment Readings increased in 1998-99 in comparison to last year.

Comparison of Summary Readings Across Program Years All Institutions				
Type of Summary Reading	1998-99	1997-98	1995-96	1993-94
Pell overpayment	<b>4.02</b>	<u>3.01</u>	<u>5.97</u>	9.66
Pell underpayment	<u>2.46</u>	<u>3.55</u>	1.56	1.75
CB overpayment	1.95	<u>1.46</u>	3.00	2.79
FFEL overpayment	<u>1.24</u>	<u>2.73</u>	3.92	4.08
FFEL overcertification	<u>1.33</u>	3.10	<b>3.46</b>	2.84
Direct overpayment	1.90	<u>1.96</u>	4.33	n/a
Direct overaward	<u>1.32</u>	3.67	3.29	n/a

**bold** indicates significantly lower reading compared to immediately prior reading

**bold** indicates significantly higher reading compared to the immediately prior reading

Source: QA Program Annual Measurement Data.

## IMPLICATIONS OF MAJOR FINDINGS

The examination of QA Readings of all QA institutions reveals a good deal of success program wide. Over 97 percent of Title IV dollars delivered by QA institutions are confirmed correct by verifying the information of randomly sampled students. The quality of data collected from students during the normal aid delivery process is quite high. The largest remaining weakness in the delivery of financial aid at QA institutions seems to be in terms of utilizing this information once gathered. The two highest QA Readings are in the institutional areas of calculating and disbursing the correct amount of aid. These were also the two largest types of marginal readings last year. It should be stressed that progress is being made on this front. The calculation and disbursement QA Readings for all four Title IV aid programs were significantly lower in 1998-99, than they were in 1997-98. The calculation and disbursement Readings in 1998-99 are roughly half as large of last year's values. The fact that colleges and universities that have participated in the QA Program for more than 4 years have significantly lower disbursement Readings is cause for further optimism in the QA Program's ability to continue its success in addressing these issues.

## **PART IV: ANALYSIS OF PUBLIC FOUR-YEAR INSTITUTIONS 1998-99**

The delivery of Title IV financial aid varies by type of institution. Different types of colleges and universities differ in the mix of Federal program dollars they delivered and the student populations they served. The aggregate results of public four-year institutions provides a "peer group" for this type of institution to compare their own results to. Focusing on the results of QA institutions of the same type provides participating QA schools a better frame of reference from which to interpret their own results than program wide Readings. For each participating institution, the best frame of reference for judging the effectiveness of its QA participation remains its own past performance.

An examination of public four-year QA Readings allows for an assessment of the quality of financial aid delivery at this type of QA institution. By comparing the QA Readings of public four-year institutions that have participated in the QA Program for a number of years to the QA Readings of more recent entrants, the effectiveness of QA participation for this peer group will be assessed. Continued improvement in the effectiveness of the QA Program will be addressed by comparing peer group summary readings for the 1998-99 program year to those of 1997-98, 1995-96, and 1993-94. Based on these empirical analyses, we conclude that among public four-year institutions participating in the QA Program:

- Aid is awarded with a great deal of accuracy;
- The accuracy of aid delivery generally improves with the length of QA participation; and
- Summary measures of quality continue to improve in 1998-99 compared to previous years.

The results supporting these conclusions are presented briefly under "Highlights of Major Findings" and in greater detail under "Tables". "Implications of Major Findings" provides the programmatic implications of the results.

### **HIGHLIGHTS OF MAJOR FINDINGS**

- Nearly 3.2 billion dollars of Title IV student aid was delivered by the 79 public four-year institutions participating in the QA Program that provided data for this report in 1998-99.
- Only 2.3 percent of all federal aid dollars awarded at these QA institutions were delivered in excess of recalculated aid awards using verified information.
- The largest institutional Readings are in the areas of disbursement and calculation.
- The largest student Readings arise from reports of untaxed and adjusted gross income.
- Public four-year institutions that joined the QA Program prior to the 1995-96 academic year have lower readings on six of seven summary measures of aid delivery. The difference observed on the final summary measure is not greater than the sample's margin of error.

- The greater accuracy in the award of Title IV financial aid at more veteran QA institutions is demonstrated in nearly all of the types of institutional Readings. This indicates that veteran institutions are outperforming more recent entrants across the board, as opposed to in a few specific areas of aid delivery. More veteran participants also have lower Readings on the student "number in college" item.
- Four of the seven summary QA Readings, which measure award accuracy, improved in 1998-99 compared to 1997-98. Only one summary QA Reading increased, and the differences observed for the two others were not greater than could have occurred by chance.

## **TABLES PUBLIC FOUR-YEAR INSTITUTIONS**

As public four-year institutions delivered 82 percent of the aid dollars administered by institutions participating in the QA Program, it is not surprising that the analysis of QA Readings for this peer group closely mirrors the findings for the program as a whole. The dollar amounts in the following tables need to be considered in light of the 3.2 billion dollars of Title IV need-based aid delivered by public four-year institutions participating in the QA Program. The distribution of aid dollars also needs to be kept in mind. The percent of aid dollars delivered by each program were as follows: Direct loan 47 percent; FFEL 22 percent; Pell Grants 19 percent; and campus based programs 12 percent. The primary findings for each table are listed below each title.

## Summary Readings 1998-99

- All summary Readings reflect a high level of accuracy in the delivery of financial aid.
- Across all four financial aid programs only 2.3 percent of Title IV funds were awarded in excess of aid awards recalculated with verified information.
- The largest summary Reading on a percentage basis was Pell overpayment (4.26 percent).
- Because nearly 50 percent of aid dollars delivered by public four-year institutions were in the form of Direct loans, the largest summary reading in terms of absolute dollars was Direct loan overaward (\$47.7 million).

<b>Summary Readings 1998-99 Public Four-Year Institutions N=79</b>		
<b>Type of Summary Reading</b>	<b>% Reading</b>	<b>\$ in Millions</b>
<b>Pell overpayment</b>	4.26	25.0
<b>Pell underpayment</b>	2.02	11.8
<b>CB overpayment</b>	1.67	6.6
<b>FFEL overpayment</b>	1.49	10.5
<b>FFEL overcertification</b>	2.35	16.5
<b>Direct overpayment</b>	2.09	34.2
<b>Direct overaward</b>	3.20	47.7

Source: QA Program 1998-99 Annual Measurement Data.

## Institutional Readings 1998-99

- The institutional Readings reflect the high level of quality in terms of the use of information by participating public four-year institutions in determining aid eligibility for and delivering Title IV aid.
- The institutional Readings reveal disbursements in the Pell and to a lesser degree the FFEL program to be the primary areas of concern. The disbursement Readings for the Pell Grant (7.12 percent, \$41.7 million) and FFEL (2.31 percent, \$16.3 million) programs were the two highest institutional Readings in terms of dollar amount.
- Calculation Readings are also relatively high. They are highest for Pell Grants (2.43 percent, \$14.2 million). Note that the Pell Grant Calculation Reading is artificially high as the QA software does not allow for inclusion of all the Pell Grant formulas.
- All the QA Readings associated with Cost of Attendance and Resources are extremely low, consistently below one percent.

<b>Institutional Readings 1998-99</b> <b>Public Four-Year Institutions N=79</b>				
<b>Percentage Readings</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	.53	7.12	n.a.	2.43
<b>Campus-based</b>	.64	.90	.88	1.32
<b>FFEL</b>	.17	2.31	.40	.88
<b>Direct</b>	.36	.24	.70	1.07
<b>Dollar Amount Readings in Millions</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	31.1	41.7	n.a.	14.2
<b>Campus-based</b>	2.5	3.5	3.5	5.2
<b>FFEL</b>	1.2	16.3	2.8	6.2
<b>Direct</b>	5.4	3.6	10.4	16.0

Source: QA Program 1998-99 Annual Measurement Data.

## Student Readings 1998-99

- The students Readings reflect the overall high level of accuracy in recipient self-reports of financial and other family circumstance information. They also reflect the effectively tailored verification practices in place at QA Program public four-year institutions that may have corrected initial applicant mistakes in completing their FAFSA's.
- Only two student readings were above two percent, adjusted gross income (AGI) and untaxed income, both for the Pell Grant program.
- Readings based on changes in student information concerning Title IV income exclusions and which Federal tax form was used by the aid applicant were virtually nonexistent. These Readings were generally less than one half of one percent.

<b>Student Readings 1998-99</b> <b>Public Four-Year Institutions N=79</b>							
<b>Percentage Readings</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	3.80	1.20	2.62	1.45	1.13	.68	.58
<b>FFEL</b>	.49	.15	.78	.30	.83	.06	.03
<b>Direct</b>	.90	.33	1.19	.34	.93	.12	.05
<b>Dollar Amount Readings in Millions</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	22.3	7.0	4.6	1.8	4.9	0.4	0.2
<b>FFEL</b>	3.5	1.1	5.5	2.1	5.8	0.4	0.2
<b>Direct</b>	6.3	4.9	17.8	5.1	13.1	1.8	0.8

Source: QA Program 1998-99 Annual Measurement Data.



## Comparison of Veteran and New Institution Summary Readings

- Comparisons of summary Readings based on length of tenure in the program suggest that participation in QA improves the overall accuracy of aid awards.
- QA public four-year institutions who joined the program prior to the 1995-96 academic year had lower Pell overpayment, Campus Based overpayment, FFEL overpayment, FFEL overcertification, Direct overpayment, and Direct overaward Readings than peer colleges and universities who have joined the program more recently.

Comparison of Veteran and New Public Four-Year Institution Summary Readings 1998-99		
Type of Summary Reading	Veteran N=54	New N=25
Pell overpayment	<u><b>3.95</b></u>	5.32
Pell underpayment	2.04	1.95
CB overpayment	<u><b>1.34</b></u>	2.77
FFEL overpayment	<u><b>1.01</b></u>	3.12
FFEL overcertification	<u><b>2.03</b></u>	3.45
Direct overpayment	<u><b>1.52</b></u>	4.01
Direct overaward	<u><b>2.38</b></u>	5.99

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Institutional Readings

- Comparisons of institutional Readings based on length of tenure in the program suggest that participation in QA improves the ability of public four-year institutions to provide and use the student level information involved in the delivery of Title IV financial aid.
- For each of the four institutional Reading types: cost of attendance; disbursement; resources; and calculation, more experienced QA public four-year institutions had significantly lower readings for at least two of the four aid programs.
- Only one Reading, cost of attendance for FFEL, was higher for veteran public four-year institutions. While this Reading was higher for more senior participants, the “veteran” Reading of .21 percent is substantively very small.

Comparison of Veteran and New Public Four-Year Institution Institutional Readings 1998-99								
Title IV Program	Cost of Attendance		Disbursement		Resources		Calculation	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	.48	.69	<b><u>6.69</u></b>	8.58	Na	na	2.37	2.63
<b>Campus-based</b>	<b><u>.39</u></b>	1.49	.79	1.25	<b><u>.59</u></b>	1.89	<b><u>.97</u></b>	2.50
<b>FFEL</b>	<b>.21</b>	.01	<b><u>.67</u></b>	7.92	1.33	.63	.82	1.10
<b>Direct</b>	<b><u>.23</u></b>	.78	<b><u>.17</u></b>	.48	<b><u>.46</u></b>	1.49	<b><u>.81</u></b>	1.96

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Student Readings

- Comparisons of student Readings based on length of tenure in the program suggest that participation in QA improves the accuracy of student reports of the number of other family members who are simultaneously attending college. This is a critical element in determination of aid eligibility calculations as it divides the EFC of the student in question by the number of family members in school. Many QA institutions have targeted this area in the past for quality improvements. Improved education efforts and addressing multiple family members in college in the institution verification procedures seems to have had positive results.
- There were very few other differences between the student Readings based on length of participation, and what differences did exist failed to display a consistent pattern.

Comparison of Veteran and New Public Four-Year Institution Student Readings 1998-99														
Title IV Program	AGI		US Taxes		Untaxed Income		Household Size		Number in College		Title IV Income Exclusion		US Tax Form	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	3.75	3.99	1.21	1.19	<b><u>2.43</u></b>	3.26	1.44	1.48	<b><u>1.00</u></b>	1.57	.59	.99	.60	.52
<b>FFEL</b>	.46	.61	<b>.16</b>	.10	<b>.92</b>	.31	.18	.70	<b><u>.43</u></b>	2.16	.05	.11	.03	.01
<b>Direct</b>	.83	1.14	<b><u>.29</u></b>	.49	<b><u>.94</u></b>	2.01	<b><u>.26</u></b>	.61	<b><u>.63</u></b>	1.96	<b><u>.08</u></b>	.23	.03	.13

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Summary Readings Across Program Years

- Comparisons of summary Readings from the 1998-99 program year to previous years reveal a continuation of a broad based improvement in the overall accuracy of aid awards at public four-year institutions participating in the QA Program.
- Pell Underpayments, FFEL overpayments, FFEL overcertifications, and Direct overawards were all significantly lower in 1998-99 than they were in 1997-98.
- Only Pell overpayment Readings increased in 1998-99 in comparison to last year.

Comparison of Public 4 Year Summary Readings Across Program Years				
Type of Summary Reading	1998-99	1997-98	1995-96	1993-94
Pell overpayment	<b>4.26</b>	<u>3.38</u>	<u>6.53</u>	10.46
Pell underpayment	<u>2.02</u>	<b>3.70</b>	1.73	1.89
CB overpayment	1.67	<u>1.54</u>	3.27	3.26
FFEL overpayment	<u>1.49</u>	<u>3.17</u>	4.53	4.37
FFEL overcertification	<u>2.35</u>	3.56	<b>3.93</b>	3.23
Direct overpayment	2.09	<u>2.16</u>	4.53	n/a
Direct overaward	<u>3.20</u>	3.96	3.93	n/a

**bold** indicates significantly lower reading compared to immediately prior reading

**bold** indicates significantly higher reading compared to the immediately prior reading

Source: QA Program Annual Measurement Data.

## IMPLICATIONS OF MAJOR FINDINGS

The examination of QA Readings of public four year institutions reveals a good deal of success program wide. Over 97 percent of Title IV dollars delivered by QA institutions are confirmed correct by verifying the information of randomly sampled students. The quality of data collected from students during the normal aid delivery process is quite high. The largest remaining weakness in the delivery of financial aid at QA institutions seems to be in terms of utilizing this information once gathered. The two highest QA Readings are in the institutional areas of calculating and disbursing the correct amount of aid. These were also the two largest types of marginal readings last year. It should be stressed that progress is being made on this front. The calculation and disbursement QA Readings for all four Title IV aid programs were significantly lower in 1998-99, than they were in 1997-98. The calculation and disbursement Readings in 1998-99 are roughly half as large of last year's values. The fact that colleges and universities that have participated in the QA Program for more than 4 years have significantly lower disbursement Readings is cause for further optimism in the QA Program's ability to continue its success in addressing these issues.

## **PART V: ANALYSIS OF PRIVATE FOUR-YEAR INSTITUTIONS 1998-99**

The delivery of Title IV financial aid varies by type of institution. Different types of colleges and universities differ in the mix of Federal program dollars they deliver and the student populations they serve. The aggregate results of private four-year institutions provides a "peer group" for these institutions to compare their own results to. Focusing on the results of QA institutions of the same type provides participating QA schools a better frame of reference, from which to interpret their own results, than program wide Readings. For each participating institution, the best frame of reference for judging the effectiveness of its QA participation remains its own past performance.

An examination of private four-year QA Readings allows for an assessment of the quality of financial aid delivery at this type of QA institution. By comparing the QA Readings of private four-year institutions that have participated in the QA Program for a number of years to the QA Readings of more recent entrants, the effectiveness of QA participation for this peer group will be assessed. Continued improvement in the effectiveness of the QA Program will be addressed by comparing peer group summary readings for the 1998-99 program year to those of 1997-98, 1995-96, and 1993-94. Based on these empirical analyses, we conclude that among private four-year institutions participating in the QA Program:

- Aid is awarded with a great deal of accuracy; and
- Summary measures of quality in 1998-99 continue to reflect effective delivery of aid.

The results supporting these conclusions are presented briefly under "Highlights of Major Findings" and in greater detail under "Tables". "Implications of Major Findings" describes the programmatic implications of the results.

### **HIGHLIGHTS OF MAJOR FINDINGS**

- Over 622 million dollars of Title IV student aid was delivered by the 13 private four-year institutions participating in the QA Program that provided data for this report in 1998-99.
- Only 2.2 percent of all aid federal aid dollars awarded at these QA institutions were delivered in excess of recalculated aid awards using verified information.
- The largest institutional Readings are in the areas of disbursement and calculation.
- The largest student Readings arise from reports of untaxed and adjusted gross income.
- Contrary to the findings for other QA institutions, greater tenure in the QA Program is not associated with improved performance. This finding is, however, based on the experiences of only three "new" private four-year colleges. The three private four-year institutions that joined the QA Program since the 1995-96 academic year have extremely low readings on five of five summary measures of aid delivery. None of these recent entrants participates in the Direct Loan Program so the two comparisons based on Direct loan QA Readings cannot be performed.

- Despite lower readings on five summary items, the more junior private four-year QA participants had lower readings on only one (FFEL calculation) institutional reading and not a single student marginal reading.
- Three of the seven summary Readings increased in 1998-99 compared to 1997-98. The size of these readings remains, however, relatively modest. While some concern is warranted in light of this finding, the QA Readings for 1997-98 were extremely low and the current Readings still reflect a high level of accuracy in the delivery of aid.

## **TABLES PRIVATE FOUR-YEAR INSTITUTIONS**

The dollar amounts in the following tables need to be considered in light of the 623 million dollars of Title IV need-based aid delivered by private four-year institutions participating in the QA Program. The share of aid dollars also needs to be kept in mind. The percent of aid dollars accounted for by each program were as follows: FFEL 48 percent; Direct loan 22 percent; Pell Grants 8 percent; and campus based programs 22 percent. The primary findings for each table are listed below each title.

## Summary Readings 1998-99

- All summary Readings reflect a high level of accuracy in the delivery of financial aid.
- Across all four financial aid programs, only 2.2 percent of Title IV funds were awarded in excess of aid awards recalculated with verified information.
- The largest summary Reading on a percentage basis was Pell underpayment (5.55 percent).
- Because nearly 50 percent of aid dollars delivered by private four-year institutions were in the form of FFEL loans, the largest summary reading in terms of absolute dollars was FFEL overcertification (\$12.4 million).

<b>Summary Readings 1998-99 Private Four-Year Institutions N=13</b>		
<b>Type of Summary Reading</b>	<b>% Reading</b>	<b>\$ in Millions</b>
<b>Pell overpayment</b>	2.22	1.1
<b>Pell underpayment</b>	5.55	2.6
<b>CB overpayment</b>	3.96	5.4
<b>FFEL overpayment</b>	2.13	6.4
<b>FFEL overcertification</b>	4.10	12.4
<b>Direct overpayment</b>	.51	.7
<b>Direct overaward</b>	1.27	1.8

Source: QA Program 1998-99 Annual Measurement Data.

## Institutional Readings 1998-99

- The institutional Readings reflect the high level of quality in terms of the use of information by participating private four-year institutions in determining aid eligibility for and delivering Title IV aid.
- The calculation Reading for FFEL (3.51 percent, \$10.6 million) and disbursement Reading for the Pell Grant (5.73 percent, \$2.7 million) were the two highest institutional Readings in terms of dollar amount.
- All the QA Readings associated with Cost of Attendance and Resources are extremely low, consistently below one percent.

<b>Institutional Readings 1998-99</b> <b>Private Four-Year Institutions N=13</b> <b>PERCENTAGE READINGS</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	.13	5.73	n.a.	3.88
<b>Campus-based</b>	.07	.75	.60	1.15
<b>FFEL</b>	.18	.48	.35	3.51
<b>Direct</b>	.03	.11	.31	.88
<b>Dollar Amount Readings in Millions</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	0.1	2.7	n.a.	1.8
<b>Campus-based</b>	0.1	1.0	0.8	1.6
<b>FFEL</b>	0.5	1.5	1.1	10.6
<b>Direct</b>	0.0	0.2	0.4	1.2

Source: QA Program 1998-99 Annual Measurement Data.



## Student Readings 1998-99

- The student Readings reflect the overall high level of accuracy in recipient self-reports of financial and other family circumstance information. They also reflect the effective tailored verification practices in place at QA Program private four-year institutions that may have corrected initial applicant mistakes in completing their FAFSA's.
- Only one student reading was above two percent, untaxed income for the Pell Grant program.
- Readings based on changes in student information concerning Title IV income exclusions and which Federal tax form was used by the aid applicant were virtually nonexistent. These Readings were generally less than one half of one percent.

<b>Student Readings 1998-99</b> <b>Private Four-Year Institutions N=13</b>							
<b>Percentage Readings</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	1.62	.42	2.51	1.05	.87	.45	.43
<b>FFEL</b>	.22	.18	.59	.14	.53	.03	.01
<b>Direct</b>	.08	.02	.27	.07	.51	.03	0.00
<b>Dollar Amount Readings in Millions</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	0.8	0.0	1.2	0.5	0.4	0.2	0.2
<b>FFEL</b>	0.6	0.5	1.8	0.4	1.6	0.1	0.0
<b>Direct</b>	0.1	0.0	0.4	0.1	0.7	0.0	0.0

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Summary Readings

- Comparisons of summary Readings based on length of tenure in the program indicate that the three “new” private four-year institutions have extremely low summary readings.
- None of the three new private four-year colleges or universities participates in the Direct Loan program, so comparison of these readings is not possible.
- While the QA summary readings of veteran institutions is higher than “new” schools for this peer group, the magnitude of readings for more veteran schools is quite modest.

Comparison of Veteran and New Private Four-Year Institution Summary Readings 1998-99		
Type of Summary Reading	Veteran N=10	New N=3
<b>Pell overpayment</b>	<b>2.38</b>	.80
<b>Pell underpayment</b>	<b>6.15</b>	.55
<b>CB overpayment</b>	<b>4.40</b>	.24
<b>FFEL overpayment</b>	<b>2.21</b>	1.40
<b>FFEL overcertification</b>	<b>4.40</b>	1.55
<b>Direct overpayment</b>	.57	n.a.
<b>Direct overaward</b>	1.42	n.a.

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Institutional Readings

- Only one Reading, calculation for FFEL, was higher for veteran private four-year institutions.

Comparison of Veteran and New Private Four-Year Institution Institutional Readings 1998-99								
Title IV Program	Cost of Attendance		Disbursement		Resources		Calculation	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	.15	0.00	5.38	8.68	n.a.	n.a.	3.91	3.60
<b>Campus-based</b>	.08	0.00	.75	0.78	.66	0.10	1.17	.98
<b>FFEL</b>	.19	0.04	.50	0.28	.35	.33	3.78	1.21
<b>Direct</b>	.03	n.a.	0.31	n.a.	.35	n.a.	.99	n.a.

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Student Readings

- Comparisons of student Readings based on length of tenure in the program failed to find any statistically significant differences based on length of participation in QA on the part of private four-year institutions.

Comparison of Veteran and New Private Four-Year Institution Student Readings 1998-99														
Title IV Program	AGI		US Taxes		Untaxed Income		Household Size		Number in College		Title IV Income Exclusion		US Tax Form	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	1.56	2.09	.36	.95	2.59	1.83	.85	2.77	.88	.76	.48	.21	.47	.09
<b>FFEL</b>	.18	.50	.17	.23	.58	.75	.07	.75	.50	.77	.03	.04	.02	0.00
<b>Direct</b>	.09	n.a.	.02	n.a.	.30	n.a.	.08	n.a.	.57	n.a.	.03	n.a.	0.00	n.a.

**Bold** indicates significantly lower reading for veteran institutions

**Bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Summary Readings Across Program Years

- While Pell overpayments, FFEL overpayments, and FFEL overcertifications are all significantly higher in 1998-99 than they were in 1997-98, this is primarily due to the extremely low readings last year. Even with the increases, the magnitude of these three readings remains modest.

Comparison of Private Four Year Summary Readings Across Program Years				
Type of Summary Reading	1998-99	1997-98	1995-96	1993-94
Pell overpayment	2.22	<u>0.71</u>	5.72	5.11
Pell underpayment	5.55	2.92	0.81	0.98
CB overpayment	3.96	<u>0.64</u>	2.85	1.63
FFEL overpayment	2.13	<u>0.32</u>	2.82	2.80
FFEL overcertification	4.10	<u>0.53</u>	1.03	0.85
Direct overpayment	0.51	<u>0.46</u>	2.82	n/a
Direct overaward	1.27	1.27	1.03	n/a

**bold** indicates significantly lower reading compared to immediately prior reading

**bold** indicates significantly higher reading compared to the immediately prior reading

Source: QA Program Annual Measurement Data.

## IMPLICATIONS OF MAJOR FINDINGS

Despite the finding that the least experienced private four-year institutions have lower summary Readings, and that several summary Readings have increased over last years results, the examination of QA Readings of private four-year institutions still reveals a good deal of successful practice. While the direction of these comparisons does raise some concern, the low level of Readings at all private four-year colleges this year and the extremely low level of Readings for this peer-group last year should temper any reaction to the findings.

## **PART VI: ANALYSIS OF TWO-YEAR AND PROPRIETARY INSTITUTIONS 1998-99**

The delivery of Title IV financial aid varies by type of institution. Different types of colleges and universities differ in the mix of Federal program dollars they delivered and the student populations they served. The aggregate results of two-year and proprietary institutions provides a "peer group" for this type of institution to compare their own results to. Focusing on the results of QA institutions of the same type, provides participating QA schools a better frame of reference from which to interpret their own results than program wide Readings. For each participating institution, the best frame of reference for judging the effectiveness of its QA participation remains its own past performance.

An examination of two-year and proprietary QA Readings allows for an assessment of the quality of financial aid delivery at this type of QA institution. By comparing the QA Readings of two year and proprietary institutions that have participated in the QA Program for a number of years to the QA Readings of more recent entrants, the effectiveness of QA participation for this peer group will be assessed. Continued improvement in the effectiveness of the QA Program will be addressed by comparing peer group summary readings for the 1998-99 program year to those of 1997-98, 1995-96, and 1993-94. Based on these empirical analyses, we conclude that among two-year and proprietary institutions participating in the QA Program:

- Aid is awarded with a great deal of accuracy;
- Accuracy in the delivery of FFEL loans improves with the length of QA participation; and
- Summary measures of quality for the Campus based and guaranteed loan programs continue to improve in 1998-99 compared to previous years.

The results supporting these conclusions are presented briefly under "Highlights of Major Findings" and in greater detail under "Tables". "Implications of Major Findings" provides the programmatic implications of the results.

Two-year and proprietary institutions should take pride in these low readings, especially given the nature of their student bodies. Students attending this type of school typically present financial aid office staff with additional challenges in properly awarding Title IV financial aid. At two-year and proprietary schools, a greater proportion of students attend part-time, attend for only a portion of the academic year, attend multiple institutions of higher education during the same academic year, and are financially independent of their parents. All these factors make following Federal financial aid regulations more complicated. The Pell Grant program is the Federal aid program targeted toward the most needy college students. Given the demographics of students attending institutions in this peer group, the lion's share of potential monetary liabilities indicated QA Readings occur in the delivery of Pell Grants.

### **HIGHLIGHTS OF MAJOR FINDINGS**

- Nearly 84.1 million dollars of Title IV student aid was delivered by the 18 two-year and proprietary institutions participating in the QA Program that provided data for this report in 1998-99.

- Only 3.0 percent of all federal aid dollars awarded at these QA institutions were delivered in excess of recalculated aid awards using verified information.
- The largest institutional Readings are in the areas of disbursement and calculation.
- The largest student Reading is based on reports of adjusted gross income.
- Two-year and proprietary institutions that joined the QA Program prior to the 1995-96 academic year had lower QA Readings for the FFEL program than schools that have joined since then. These more veteran institutions, however, had higher institutional Readings for the delivery of Pell Grants.

## **TABLES TWO YEAR AND PROPRIETARY INSTITUTIONS**

The dollar amounts in the following tables need to be considered in light of the 84 million dollars of Title IV need-based aid delivered by two year or proprietary institutions participating in the QA Program. The share of aid dollars also needs to be kept in mind. The percent of aid dollars accounted for by each program were as follows: Pell grants 49 percent; FFEL 37 percent; campus based programs 8 percent; and Direct loan 6 percent. The primary findings for each table are listed below each title.

## Summary Readings 1998-99

- All summary Readings reflect a high level of accuracy in the delivery of financial aid.
- Across all four financial aid programs only 3 percent of Title IV funds were awarded in excess of aid awards recalculated with verified information.
- The largest summary Reading on a percentage and dollar amount basis was Pell overpayment (5.46 percent, \$2.2 million). In fact, this single reading alone accounted for 87 percent of all Title IV aid initially awarded in excess of recalculated awards made with the benefit of documented information.

<b>Summary Readings 1998-99 Two-Year or Proprietary Institutions N=18</b>		
<b>Type of Summary Reading</b>	<b>% Reading</b>	<b>\$ in Millions</b>
<b>Pell overpayment</b>	5.46	2.2
<b>Pell underpayment</b>	1.36	.6
<b>CB overpayment</b>	.85	0.1
<b>FFEL overpayment</b>	.71	0.2
<b>FFEL overcertification</b>	1.37	0.4
<b>Direct overpayment</b>	.64	0.0
<b>Direct overaward</b>	.67	0.0

Source: QA Program 1998-99 Annual Measurement Data.



## Institutional Readings 1998-99

- The institutional Readings reflect the high level of quality in terms of the use of information by participating two-year and proprietary institutions in determining aid eligibility for and delivering Title IV aid.
- The institutional Readings reveal disbursements and calculations in the Pell to be the primary areas of concern. Note that the Pell Grant Calculation Reading is artificially high as the QA software does not allow for inclusion of the optional Pell EFC calculation methodologies.
- All the QA Readings associated with Cost of Attendance and Resources are extremely low, consistently below one percent.

<b>Institutional Readings 1998-99</b> <b>Two-Year or Proprietary Institutions N=18</b>				
<b>Percentage Readings</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	.09	13.40	n.a.	12.06
<b>Campus-based</b>	.05	1.31	.43	1.38
<b>FFEL</b>	.04	.62	.33	1.28
<b>Direct</b>	.04	.11	.04	.77
<b>Dollar Amount Readings in Millions</b>				
<b>Title IV Program</b>	<b>Cost of Attendance</b>	<b>Disbursement</b>	<b>Resources</b>	<b>Calculation</b>
<b>Pell</b>	0.0	5.5	n.a.	4.9
<b>Campus-based</b>	0.0	0.1	0.0	0.1
<b>FFEL</b>	0.0	0.2	0.1	0.4
<b>Direct</b>	0.0	0.0	0.0	0.0

Source: QA Program 1998-99 Annual Measurement Data.

## Student Readings 1998-99

- The student Readings reflect the overall high level of accuracy in recipient self-reports of financial and other family circumstance information. They also reflect the effective tailored verification practices in place at QA Program two year and proprietary institutions that may have corrected initial applicant mistakes in completing their FAFSA's.
- Only one student Reading is above one percent, adjusted gross income (AGI) for the Pell Grant program. All other student Readings were generally less than one half of one percent.

<b>Student Readings 1998-99</b> <b>Two-Year or Proprietary Institutions N=18</b>							
<b>Percentage Readings</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	1.69	.47	.74	.36	.13	.10	.39
<b>FFEL</b>	.57	.07	.40	.03	.06	.00	.09
<b>Direct</b>	.01	.01	.02	.01	.00	.00	.00
<b>Dollar Amount Readings in Millions</b>							
<b>Title IV Program</b>	<b>AGI</b>	<b>US Taxes</b>	<b>Untaxed Income</b>	<b>Household Size</b>	<b>Number in College</b>	<b>Title IV Income Exclusion</b>	<b>US Tax Form</b>
<b>Pell</b>	0.7	0.2	0.3	0.2	0.1	0.0	0.2
<b>FFEL</b>	0.2	0.0	0.1	0.0	0.0	0.0	0.0
<b>Direct</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Summary Readings

- Comparisons of summary Readings based on length of tenure in the program indicate that generally “veteran” and “new” QA two year and proprietary institutions have similar level accuracy in aid awarded.
- Pell Grant overpayments are, however, higher for two year and proprietary institutions who have been participating in the QA Program longer.

Comparison of Veteran and New Two-Year or Proprietary Institution Summary Readings 1998-99		
Type of Summary Reading	Veteran N=9	New N=9
<b>Pell overpayment</b>	<b>6.55</b>	4.50
<b>Pell underpayment</b>	1.39	1.40
<b>CB overpayment</b>	.83	.63
<b>FFEL overpayment</b>	.80	.89
<b>FFEL overcertification</b>	1.00	1.72
<b>Direct overpayment</b>	.86	.02
<b>Direct overaward</b>	.89	.03

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Institutional Readings

- Comparisons of institutional Readings based on length of tenure in the program suggest that participation in QA improves the ability of two year and proprietary institutions to administer FFEL loans, but not Pell Grants.
- For the FFEL program, cost of attendance and disbursement Readings are significantly lower for veteran two year and proprietary institutions.
- For the Pell Grant program, disbursement and calculation Readings are significantly higher for veteran two year and proprietary institutions.

Comparison of Veteran and New Private Two-Year or Proprietary Institution Institutional Readings 1998-99								
TITLE IV PROGRAM	Cost of Attendance		Disbursement		Resources		Calculation	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	.10	.12	<b>14.74</b>	10.40	N/a	n/a	<b>13.73</b>	6.46
<b>Campus-based</b>	0.50	0.00	1.46	1.09	.50	.21	3.39	1.47
<b>FFEL</b>	<b>.01</b>	.05	<b>.26</b>	.79	.14	.41	.74	1.60
<b>Direct</b>	0.00	.05	.09	.06	0.00	.05	.91	.14

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Veteran and New Institution Student Readings

- Comparisons of student Readings based on length of tenure in the program suggest that participation in QA is not related to the accuracy of any student reported information.

Comparison of Veteran and New Two-Year or Proprietary Institution Student Readings 1998-99														
Title IV Program	AGI		US Taxes		Untaxed Income		Household Size		Number in College		Title IV Income Exclusion		US Tax Form	
	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>	<i>Veteran</i>	<i>New</i>
<b>Pell</b>	2.12	2.04	.61	.56	.71	.83	.37	.40	.11	.15	.08	.12	.43	.49
<b>FFEL</b>	.63	.62	.09	.09	.35	.50	.03	.04	.03	.07	.00	.00	.11	.12
<b>Direct</b>	.00	.01	.00	.01	.00	.03	.00	.01	.00	.00	.00	.00	.00	.00

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## Comparison of Summary Readings Across Program Years

- Comparisons of summary Readings from the 1998-99 program year to previous reveal mixed results.
- Pell Underpayment and Direct overpayment Readings were significantly lower in 1998-99 than they were in 1997-98.
- Pell overpayment Readings increased in 1998-99 in comparison to last year.

Comparison of Veteran and New Two-Year or Proprietary Institution Student Readings 1998-99														
Title IV Program	AGI		US Taxes		Untaxed Income		Household Size		Number in College		Title IV Income Exclusion		US Tax Form	
	Veteran	New	Veteran	New	Veteran	New	Veteran	New	Veteran	New	Veteran	New	Veteran	New
<b>Pell</b>	2.12	2.04	.61	.56	.71	.83	.37	.40	.11	.15	.08	.12	.43	.49
<b>FFEL</b>	.63	.62	.09	.09	.35	.50	.03	.04	.03	.07	.00	.00	.11	.12
<b>Direct</b>	.00	.01	.00	.01	.00	.03	.00	.01	.00	.00	.00	.00	.00	.00

**bold** indicates significantly lower reading for veteran institutions

**bold** indicates significantly higher reading for veteran institutions

Source: QA Program 1998-99 Annual Measurement Data.

## IMPLICATIONS OF MAJOR FINDINGS

Examination of QA Readings of two-year and proprietary institutions reveals a good deal of success program wide. Over 97 percent of Title IV dollars delivered by QA institutions are confirmed correct by verifying the information of randomly sampled students. The quality of data collected from students during the normal aid delivery process is quite high. The largest remaining weakness in the delivery of financial aid at QA institutions seems to be in terms the utilization of information once gathered. This is especially an issue in the Pell Grant program.

## **PART VII: IMPLICATIONS FOR EFFECTIVE PRACTICE**

The analysis of 1998-99 annual measurement data revealed that most institutions participating in the QA Program are effectively gathering accurate information from students and their families. They are also effectively using the information provided in delivering the aid to the recipients. What are the implications of these general findings for an individual institution of higher education participating in the QA Program? The link between the findings of the proceeding analysis and financial aid office practices is discussed here.

### **How to Use the Findings of this Report**

Within the total quality management framework of the QA Program, QA Readings are meant to serve as guides to corrective actions. High QA Readings point to areas that need attention. These data do need to be interpreted in light of other knowledge of the systems delivering Federal aid at a particular college campus. Like gauges on a piece of industrial machinery, QA Readings indicate where potential problems exist in the operation. Knowing which of the multiple gauges to pay close attention is an evolving process. Financial aid officers need to bring their collective experience into the interpretation of "the numbers." Being able to recognize the underlying cause of a high QA Reading is based on a larger understanding of the aid delivery system. QA Readings need to enhance this understanding of the award of Title IV aid in order to effectively inform corrective actions.

Institutional and student marginal items that have relatively high QA Readings should be examined in order to determine possible causes and potential corrections. For example, high disbursement readings (differences between the "most recent" aid awarded and "most recent" aid disbursed) might reflect poor communication with other offices on campus or lending agents. If a given institution has high disbursement readings in the delivery of FFEL loans and financial aid office staff members know that the working relations with "First Problem Savings and Loan" are less than ideal, efforts to examine this relationship for potential improvement seem warranted. If an individual school has a relatively high QA Reading for the "number in college" student item, this may reflect the need to modify the school's verification profile or improve the education material provided to aid applicants.

The average QA Readings in this report serve as a frame of reference for individual institutions participating in the QA Program. Institutions should pay the most attention to averages within their peer group. The "typical" problems that exist at each given type of institution may or may not be a problem on a specific campus. Institutions should rely first on their own annual measurement data to tell them what their biggest issues are. That is, which of their QA Readings are the highest. The QA Readings of an institution's peer group will help determine how an institution's own problem areas can be effectively addressed.

To the degree that an institution's problem areas resemble the problems of like institutions (same peer group), they may reflect common challenges to the effective stewardship of Federal aid dollars. Misery loves company, but typical problems may be the most difficult for individual schools participating in the QA Program to solve on their own. Common problems have resisted corrective actions elsewhere and may contain structural barriers to improvement.

These problems may require collaborative action with other QA institutions and perhaps the Department of Education to fix. Brainstorming with other schools, getting clarifications of regulations, experimenting with possible solutions, and sharing the effective practices are possible solutions for typical problems.

Unusually high QA Readings can be embarrassing. They indicate problems in areas that most peer institutions handle well. The upside of atypically high QA Readings is that they perhaps are easier to fix. An institution's peer group managing low average QA Readings on a specific item should be a sign of hope for institutions where the item is problematic. The apparently more effective practices of other institutions should be sought out through the QA Program's electronic listserve and at program conferences. The goal should be to find out what other schools are doing differently (that works) and to emulate those practices. If the institution experiencing an atypically high QA Reading had low Readings on the problematic item in the past, institutional staff should also consider what has changed between the low and high Readings when looking for potential sources of the problem.

### **How "Typical" is your Institution?**

One of the first questions that participating institutional staff need to ask themselves when applying the results presented in this report to their own corrective actions is "How typical are we?" This includes, but is not limited to, which of the marginal QA Readings are the highest. As was discussed above, the degree to which the problem areas a QA institution faces are "typical" within a peer group, in part, determines how readily available solutions are from other participating schools. Those with high QA Readings on unusual items may have the best chance of locating an existing solution derived at another QA school. Those institutions with common problem areas may need to play a role in collaborative efforts to solve the problem.

Institutional staff should also keep in mind unique institutional characteristics or circumstances that may influence the operation of the Title IV aid delivery. For example, colleges and universities located in the state of Georgia award Federal aid alongside a particularly generous state scholarship program. The administration of this state program may enhance or detract from the effective stewardship of Federal aid programs. The point here is simply that the magnitude and character (linked to academic performance) of the Georgia state scholarship programs has potential implications for the delivery of Federal aid programs. The same holds true for the mix of federal aid programs at a given institution, the percentage of aid recipients attending school part-time, the percentage of aid recipients financially independent from their parents, and other distinguishing characteristics of an institution's student body. Financial aid staff need to keep the uniqueness of their institution in mind when formulating solutions to problems in their aid delivery systems.

### **How to Target your Corrective Actions**

If a school's institutional profile indicated a 25 percent Reading on student reports of household size, and zero values for all other student and institutional marginal QA Readings, then clearly, efforts to improve the accuracy of students' reports of household size are in order. However, few institutions are presented with such a clear empirical picture. Generally,



institutional profile data reflect multiple areas of minor concern rather than a single area of major concern. Therefore, financial aid staff members often need to choose their battles in order to get the most return from the finite resources they have available.

All else being equal, institutions should target areas with the highest QA Readings. All else being equal, institutions should also target areas where they have the greatest probability of success. In integrating these two principles, financial aid office staff need to consider the presumed causes of high Readings. The greater the degree to which institutions can control the theorized causes of problems, the greater chance corrective actions will bear the fruit of reducing potential liabilities. High Readings that have their origins within areas of institutional control should be tackled first.